

**TOWN OF OKEENE, OKLAHOMA  
OKEENE, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**Town of Okeene, Oklahoma**  
**Table of Contents**  
**Year Ended June 30, 2021**

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	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS	i
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-10
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	11
Statement of Activities	12-13
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds and Component Units	17
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds and Component Units	18
Statement of Cash Flows – Proprietary Funds and Component Units	19
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Assets	21
Notes to Financial Statements	22-40
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	41
Schedule of the Town's Proportionate Share of the Net Pension Liability - Oklahoma Police Pension Retirement Plan	42
Schedule of the Town's Proportionate Share of the Net Pension Liability - Oklahoma Fire Pension Retirement Plan	43
Schedule of the Town's Net Pension Liability and Related Ratios - Oklahoma Municipal Retirement System	44
Schedule of the Town's Proportionate Share of the Net Pension Liability - Oklahoma Municipal Retirement System	45
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	46-47

# **TOWN OF OKEENE, OKLAHOMA**

## List of Principal Officials

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### Town Council

Nate Meier, Mayor

Londa Brickman

Mary Dungan, Vice Mayor

Staci Howe

Archie Meiseman

### Town Administrator

Richard Rupe, Town Administrator

### Town Treasurer and Town Clerk

Susan Rauh

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Okeene, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Okeene, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Okeene Municipal Hospital and Schallmo Authority, which represent the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Okeene Municipal Hospital and Schallmo Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Okeene, Oklahoma, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

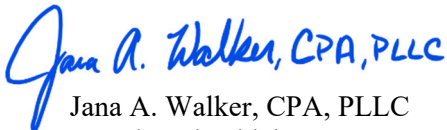
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 3–10 and 41–45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the Town of Okeene, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Okeene, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Okeene, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
December 12, 2022

Our discussion and analysis of the Town of Okeene's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$9,369,256 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$8,795,492.
- Total liabilities of the Town increased \$82,699 from \$2,418,172 to \$2,500,873 during the fiscal year. The increase is due to an increase in pension obligation offset by scheduled payments made on outstanding debt held by the Town.
- Total net position is comprised of the following:
  - 1) Invested in capital assets, net of related debt, of \$5,611,520 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2) Unrestricted net position of \$1,364,650 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
  - 3) Reserve for restricted purposes of \$2,393,086 is restricted for debt and other obligations.

## OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The Town's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other financial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services provided by the Town. Fiduciary activities such as the Okeene Municipal Charitable Trust are not included in the government-wide statements since these assets are not available to fund Town programs.

The Town's financial reporting entity includes the funds of the Town (primary government) and organization for which the Town is accountable (component units). The Okeene Municipal Hospital and Schallmo Authority is a separate legal entity which operates independently and provides services directly to the citizens though the Town remains accountable for their actions. As such, the Okeene Municipal Hospital is reported separately from the primary government though included in the Town's overall reporting entity. Management's Discussion and Analysis will focus on the Town's primary government. More comprehensive information about the Town's component units can be found in footnotes.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for the General Fund. This statement demonstrates compliance with the Town's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as water and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

*Fiduciary funds* such as the Okeene Municipal Charitable Trust are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund the Town's programs. Fiduciary fund statements report similarly to proprietary funds.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### Other information

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the Town's compliance with the approved and revised budget for the General Fund.

### A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Changes in net position may be observed and used to discuss the changing financial position of the Town as a whole. The following table provides a summary of the Town's net position at June 30:

	Governmental Activities		Business-Type Activities		Totals		Change	
	2021	2020	2021	2020	2021	2020	\$	%
Current assets	\$ 1,189,949	\$ 694,796	\$ 3,302,447	\$ 2,891,756	\$ 4,492,396	\$ 3,586,552	\$ 905,844	25%
Capital assets, net	2,936,044	2,939,952	4,481,621	4,621,173	7,417,665	7,561,125	(143,460)	-2%
Pension asset	28,038	46,619	-	-	28,038	46,619	(18,581)	-40%
<b>Total assets</b>	<b>\$ 4,154,031</b>	<b>\$ 3,681,367</b>	<b>\$ 7,784,068</b>	<b>\$ 7,512,929</b>	<b>\$ 11,938,099</b>	<b>\$ 11,194,296</b>	<b>\$ 743,803</b>	<b>7%</b>
Deferred outflows	176,029	184,199	-	-	176,029	184,199	(8,170)	-4%
Current liabilities	\$ 277,226	\$ 34,390	\$ 316,132	\$ 406,235	\$ 593,358	\$ 440,625	\$ 152,733	35%
Non-current liabilities	209,660	143,515	1,697,855	1,834,032	1,907,515	1,977,547	(70,032)	-4%
<b>Total liabilities</b>	<b>486,886</b>	<b>177,905</b>	<b>2,013,987</b>	<b>2,240,267</b>	<b>2,500,873</b>	<b>2,418,172</b>	<b>82,701</b>	<b>3%</b>
Deferred inflows	108,059	164,831	-	-	108,059	164,831	(56,772)	-34%
<b>Net position</b>								
Invested in capital assets, net of related debt	2,964,082	2,986,571	2,647,438	2,535,241	5,611,520	5,521,812	89,708	2%
Restricted	447,986	398,341	714,638	935,423	1,162,624	1,333,764	(171,140)	-13%
Unrestricted	323,047	137,918	2,408,005	1,801,998	2,731,052	1,939,916	791,136	41%
<b>Total net position</b>	<b>\$ 3,735,115</b>	<b>\$ 3,522,830</b>	<b>\$ 5,770,081</b>	<b>\$ 5,272,662</b>	<b>\$ 9,505,196</b>	<b>\$ 8,795,492</b>	<b>\$ 709,704</b>	<b>8%</b>

The Town reported positive balances in net position for both governmental and business-type activities. The Town's overall financial position improved \$709,704 or 8% during fiscal year.

Total assets increased between years noting an increase of 7% over prior year. The increase in current assets is due to an increase in liquid assets resulting from a strong performance in sales tax and continued profit margins on utility sales. Pension assets decreased 40% and deferred outflows related to the pension obligations of the Town decreased 4% over prior year. This change is determined by an actuarial valuation of the Oklahoma Municipal Retirement Fund, Police Pension fund, and the Fire Pension fund participation.

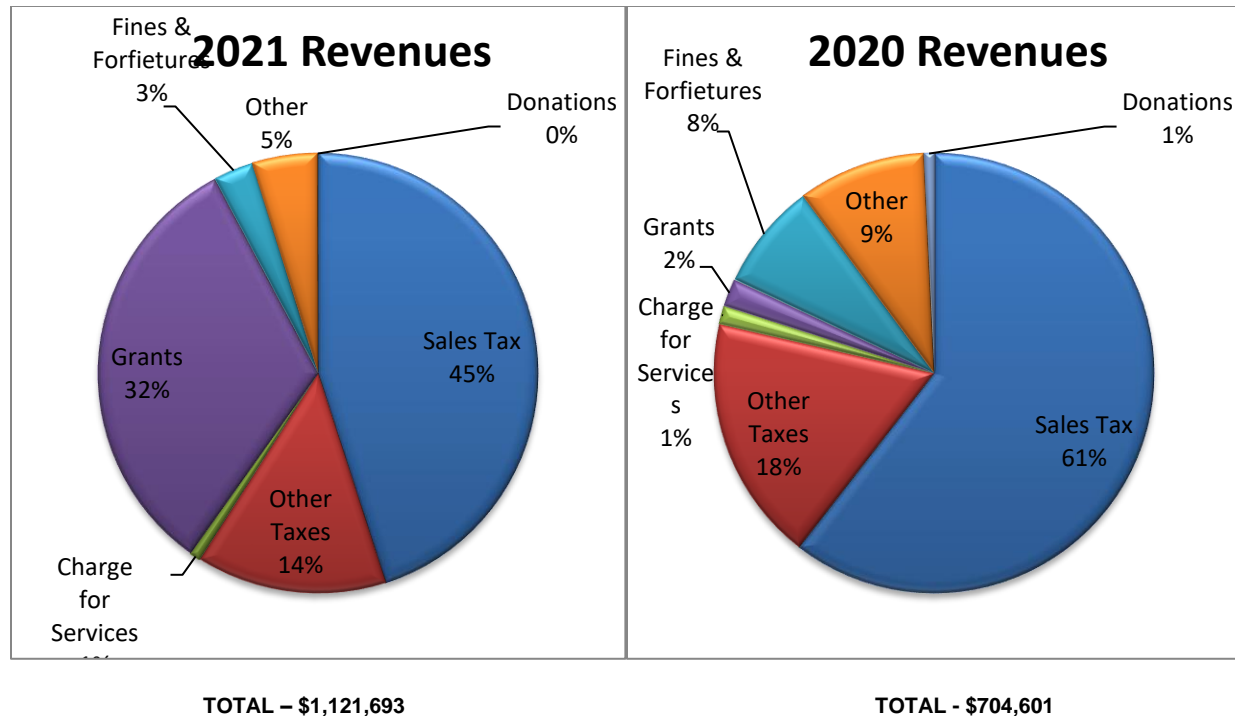
Total liabilities of the Town increased 3% over prior year. The Town made over \$240 thousand in payments on outstanding debt consistent with the scheduled requirements. Offsetting the payment made on outstanding debt, pension liability increased for the Town by approximately \$66 thousand. The pension liability is determined by a third-party actuarial valuation and reported to the Town on an annual basis.

	Governmental Activities		Business-type Activities		Totals		Change	
	2021	2020	2021	2020	2021	2020	\$	%
<b>Revenues</b>								
Program revenues	\$ 435,855	\$ 110,963	\$ 2,981,830	\$ 3,000,333	\$ 3,417,685	\$ 3,111,296	\$ 306,389	10%
Taxes and other general revenues	649,714	638,092	4,448	12,746	654,162	650,838	3,324	1%
<b>Total revenues</b>	<b>1,085,569</b>	<b>749,055</b>	<b>2,986,278</b>	<b>3,013,079</b>	<b>4,071,847</b>	<b>3,762,134</b>	<b>309,713</b>	<b>8%</b>
<b>Expenses</b>								
General government	237,220	273,816	-	-	237,220	273,816	(36,596)	-13%
Public safety and judiciary	295,972	354,500	-	-	295,972	354,500	(58,528)	-17%
Transportation	150,246	146,705	-	-	150,246	146,705	3,541	2%
Cultural, parks, and recreation	147,230	165,818	-	-	147,230	165,818	(18,588)	-11%
Electric	-	-	1,629,663	1,520,580	1,629,663	1,520,580	109,083	7%
Water	-	-	274,110	295,409	274,110	295,409	(21,299)	-7%
Sewer	-	-	168,502	188,121	168,502	188,121	(19,619)	-10%
Sanitation	-	-	126,160	111,755	126,160	111,755	14,405	13%
Customer service	-	-	225,424	260,407	225,424	260,407	(34,983)	-13%
<b>Total expenses</b>	<b>830,668</b>	<b>940,839</b>	<b>2,423,859</b>	<b>2,376,272</b>	<b>3,254,527</b>	<b>3,317,111</b>	<b>(62,584)</b>	<b>-2%</b>
Excess (deficiency) before transfers	254,901	(191,784)	562,419	636,807	817,320	445,023	372,297	84%
Transfers	65,000	316,745	(65,000)	(229,000)	-	87,745.00	(87,745)	100%
Transfers to component units	(107,616)	(100,786)	-	-	(107,616)	(100,786)	(6,830)	7%
<b>Increase (decrease) in net position</b>	<b>\$ 212,285</b>	<b>\$ 24,175</b>	<b>\$ 497,419</b>	<b>\$ 407,807</b>	<b>\$ 709,704</b>	<b>\$ 431,982</b>	<b>\$ 277,722</b>	<b>64%</b>

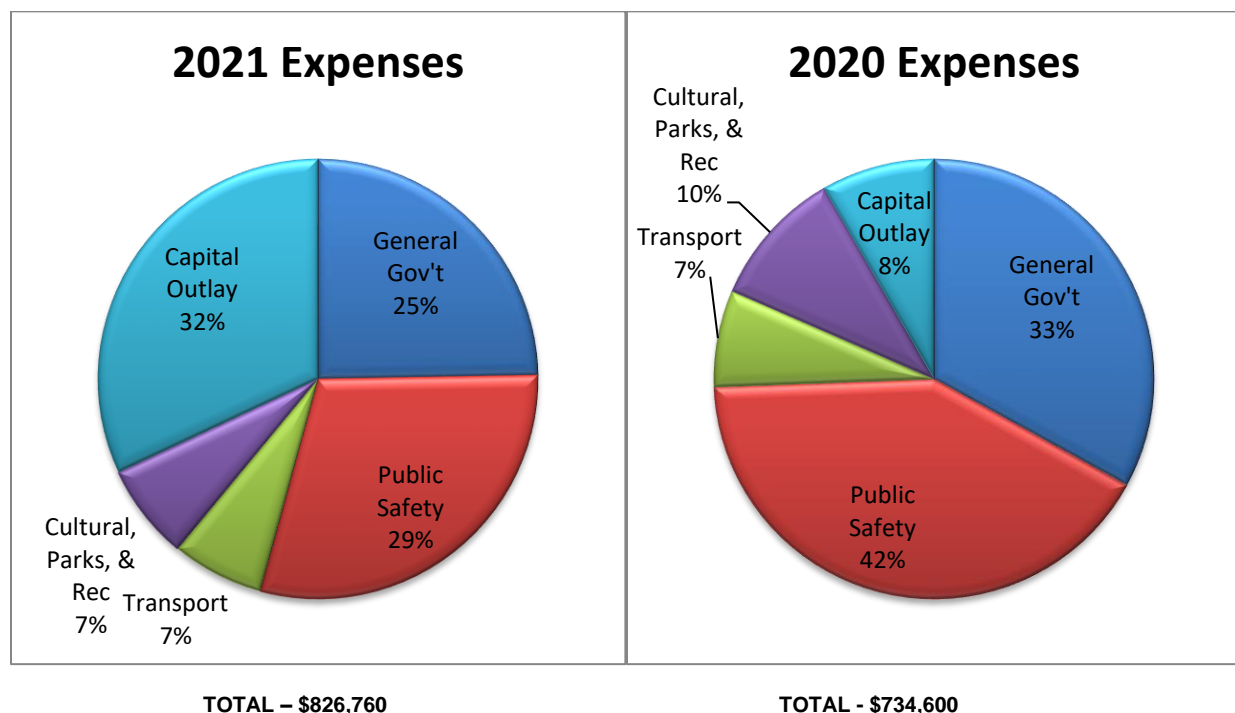
Total revenues increased 8% year over year. A 10% increase in program revenues is primarily related to grant funding received from the federal government during the fiscal year. The Airport received capital improvement grant dollars from the Federal Aviation Administration in addition to federal aid under the Coronavirus Aid, Relief, and Economic Security (CARES) Act related to the COVID-19 pandemic. The CARES funding was a reimbursement grant for public safety expenses incurred as a result of the pandemic. Taxes and other general revenues remained consistent with prior year noting a 1% change.

Operating expenses also remained consistent between years reporting a 2% or \$62,584 change over prior year. Overall, expenses shifted between departments, but the Town maintained a level basis of spending when compared to prior year.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2021.



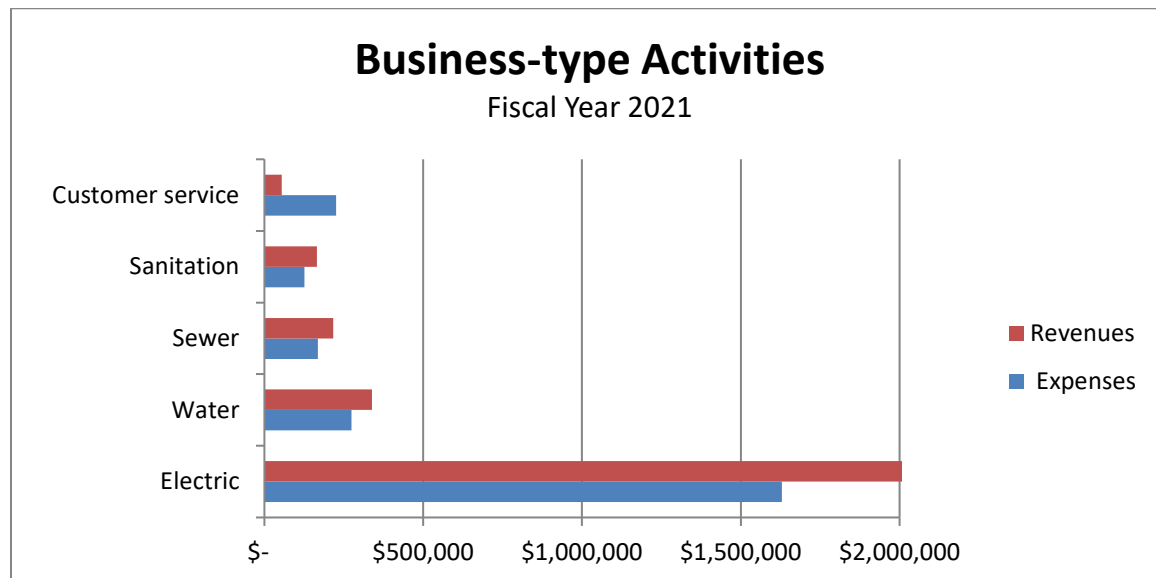
Sales tax provided for 45% of the Town's governmental revenues in fiscal year 2021 as compared to 61% in 2020. Other taxes provided a boost at 14% vs 18% in prior year. Grant funding increased significantly over prior year due to capital funding received from the Federal Aviation Administration for improvements at the airport along with the CARES funding provided by the federal government related to the COVID-19 pandemic.



This graph shows the total governmental activities cost of \$826,760 in 2021 compared to \$734,600 for 2020. Of this amount, public safety at \$244,084 was the largest operating service cost, consistent with prior year at \$330,403. Public safety cost includes police, fire, judiciary, and code enforcement expenses. Capital outlay expenses of \$264,287 increased significantly from prior year cost of \$61,000 due to work on the Airport funded through federal grant proceeds, noted above. Standard operating costs, as well as all governmental activities expense, were primarily funded by sales tax collections as noted above.

It should be noted that governmental expenses were adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. For the government-wide full accrual statements, capital outlay expenses are eliminated, and capital assets reported.

### **Business-type Activities**



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, sewer, water, and electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

### **General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2021 was \$580,956, a 14% decrease from prior year's budget of \$676,034. The General Fund budget complied with financial policies approved by the Town.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2021, the Town had \$5,611,520 net investment in capital assets, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and electric lines, water lines and sewer lines in business-type activities. See table below.

#### Primary Government Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,100	\$ 2,100	\$ 276,140	\$ 276,140	\$ 278,240	\$ 278,240
Construction in process	248,722	-	197,485	197,485	446,207	197,485
Buildings	418,255	440,269	-	-	418,255	440,269
Machinery & equipment	207,571	266,145	292,913	298,459	500,484	564,604
Utility property & improvements	2,059,396	2,231,438	3,690,371	3,849,089	5,749,767	6,080,527
Totals	\$ 2,936,044	\$ 2,939,952	\$ 4,456,909	\$ 4,621,173	\$ 7,392,953	\$ 7,561,125

### Long-Term Debt

At year-end, the Town had \$1,794,660 in long-term debt outstanding. The Town's changes in long-term debt by type of debt are as follows:

#### Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$ -	\$ -	\$ 1,825,000	\$ 2,035,000	\$ 1,825,000	\$ 2,035,000
Notes payable	-	-	9,183	50,932	9,183	50,932
Pension liability	209,660	143,515	-	-	209,660	143,515
subtotal	209,660	143,515	1,834,183	2,085,932	2,043,843	2,229,447
less current portion	-	-	(249,183)	(251,900)	(249,183)	(251,900)
Totals	\$ 209,660	\$ 143,515	\$ 1,585,000	\$ 1,834,032	\$ 1,794,660	\$ 1,977,547

## ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2021 Summer Update* "The state and national economies continue to recover from the damage wrought by the COVID-19 pandemic. Parts of the economy that had been most affected saw the greatest increases in activity. The surge in inflation and the current wave of COVID-19 cases...pose risks to the economy." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year.

The *Economic Outlook* stated "the economy is moving towards a new unknown equilibrium of demand, prices, wages, and output. During the adjustment, the economy can simultaneously experience inflation

and high unemployment with the combination of strong demand and constraints on supply.” The pandemic continues to loom as municipalities move forward providing daily, necessary services to citizens.

The Town’s budget for FY22 includes the following:

- The budget includes a 2.1% (February 2021 average annual increase) rate increase for Electric, Sewer, Trash and Water services. Electric purchases are budgeted to increase 3% based upon consumer usage and trash expense is budgeted to increase 1.95% based on an increased contract rate for FY22. The budget passes thru the trash increase to citizens.
- The budget includes salary increases, totaling \$33,439 in base salary and benefits based on the decision of the City Manager for fiscal year 2022.
- The FY22 budget includes \$452,854 in capital improvements.

Management is committed to providing services to citizens in the manner in which they are accustomed.

### **CONTACTING THE TOWN’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk’s Office at PO Box 800, Okeene, Oklahoma, 73763 or phone at (580) 822-3035.

**Town of Okeene, Oklahoma**  
**Statement of Net Position**  
**June 30, 2021**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
Current Assets:				
Cash and cash equivalents	\$ 295,226	\$ 1,948,433	\$ 2,243,659	\$ 5,316,369
Investments, including time deposits	29,598	331,417	361,015	-
Accounts receivable, net	96,393	240,637	337,030	1,150,529
Grant receivable	223,850	-	223,850	-
Due from other funds	45,533	(45,533)	-	-
Due from other governments	2,030	-	2,030	-
Inventory	-	-	-	240,984
Other assets/ Prepaid expenses	49,333	-	49,333	163,298
Total current assets	741,963	2,474,954	3,216,917	6,871,180
Restricted assets:				
Cash and cash equivalents	329,577	751,607	1,081,184	-
Investments, including time deposits	118,409	75,886	194,295	-
Total restricted assets	447,986	827,493	1,275,479	-
Noncurrent Assets:				
Land and construction in progress	250,822	1,470,516	1,721,338	-
Other capital assets (net of accumulated depreciation)	2,685,222	3,011,105	5,696,327	4,395,331
Pension asset	28,038	-	28,038	-
Total noncurrent assets	2,964,082	4,481,621	7,445,703	4,395,331
Total assets	4,154,031	7,784,068	11,938,099	11,266,511
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on pension obligations/refunding	\$ 176,029	\$ -	\$ 176,029	\$ 200,651
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 257,591	\$ 26,195	\$ 283,786	\$ 1,874,869
Accrued expenses payable	-	5,297	5,297	829,629
Accrued payroll liabilities	19,635	35,457	55,092	-
Notes payable, current	-	9,183	9,183	335,062
Bonds payable, current	-	240,000	240,000	-
Total current liabilities	277,226	316,132	593,358	3,039,560
Liabilities payable from restricted assets:				
Customer deposits payable	-	112,855	112,855	-
Total liabilities payable from restricted assets	-	112,855	112,855	-
Noncurrent liabilities:				
Pension liability	209,660	-	209,660	-
Notes payable, non-current	-	-	-	-
Bonds payable, non-current	-	1,585,000	1,585,000	6,604,565
Total noncurrent liabilities	209,660	1,585,000	1,794,660	6,604,565
Total liabilities	486,886	2,013,987	2,500,873	9,644,125
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pension obligations	108,059	-	108,059	-
<b>NET POSITION</b>				
Net investment in capital assets	2,964,082	2,647,438	5,611,520	(2,331,347)
Restricted	447,986	714,638	1,162,624	-
Unrestricted	323,047	2,408,005	2,731,052	4,154,384
Total net position	\$ 3,735,115	\$ 5,770,081	\$ 9,505,196	\$ 1,823,037

**Town of Okeene, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 174,018	\$ 16,187	\$ 87,718	\$ -	\$ (70,113)
Library	63,202	-	3,176	-	(60,026)
Total general government	237,220	16,187	90,894	-	(130,139)
Public safety and judiciary:					
Police	216,173	33,304	-	-	(182,869)
Fire	78,007	200	4,826	-	(72,981)
Code enforcement	1,792	-	-	-	(1,792)
Total public safety and judiciary	295,972	33,504	4,826	-	(257,642)
Transportation:					
Street	13,723	-	10,295	-	(3,428)
Airport	136,523	13,169	-	257,600	134,246
Total transportation	150,246	13,169	10,295	257,600	130,818
Cultural, parks and recreation:					
Park	20,488	-	-	-	(20,488)
Golf Course	1,960	-	-	-	(1,960)
Cemetery	4,184	3,000	-	-	(1,184)
Community building	21,674	-	-	-	(21,674)
Swimming Pool	95,759	6,380	-	-	(89,379)
Industrial Park	3,165	-	-	-	(3,165)
Total cultural, parks and recreation	147,230	9,380	-	-	(137,850)
Total governmental activities	830,668	72,240	106,015	257,600	(394,813)
Business-type activities:					
Utility services:					
Electric	1,629,663	2,207,044	-	-	577,381
Water	274,110	338,619	-	-	64,509
Sewer	168,502	216,860	-	-	48,358
Sanitation	126,160	165,269	-	-	39,109
Customer service	225,424	54,038	-	-	(171,386)
Total business-type activities	2,423,859	2,981,830	-	-	557,971
<b>Total primary government</b>	<b>\$ 3,254,527</b>	<b>\$ 3,054,070</b>	<b>\$ 106,015</b>	<b>\$ 257,600</b>	<b>\$ 163,158</b>
<b>Component unit</b>					
Hospital:					
Patient services	7,483,860	6,342,123	790,442	2,777,446	2,426,151
Total component unit	\$ 7,483,860	\$ 6,342,123	\$ 790,442	\$ 2,777,446	\$ 2,426,151

**Town of Okeene, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2021**

**Changes in Net Position:**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
Net (expense)/revenue	\$ (394,813)	\$ 557,971	\$ 163,158	\$ 2,426,151
General revenues:				
Taxes:				
Sales taxes	505,155	-	505,155	-
Use taxes	104,575	-	104,575	-
Franchise taxes	20,742	-	20,742	-
Alcoholic beverage tax	26,989	-	26,989	-
Cigarette tax	4,172	-	4,172	-
Investment income	913	4,448	5,361	1,883
Gain on sale of assets	-	-	-	-
Miscellaneous	23,292	-	23,292	(1,935)
Change in pension obligation	(36,124)	-	(36,124)	-
Transfers - Other governments, net	(107,616)	-	(107,616)	-
Transfers - Internal activity, net	65,000	(65,000)	-	-
Total general revenues and transfers	607,098	(60,552)	546,546	(52)
<b>Change in net position</b>	212,285	497,419	709,704	2,426,099
<b>Net position - beginning</b>	3,522,830	5,272,662	8,795,492	(603,062)
<b>Net position - ending</b>	<u>\$ 3,735,115</u>	<u>\$ 5,770,081</u>	<u>\$ 9,505,196</u>	<u>\$ 1,823,037</u>

**Town of Okeene, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General Fund</b>	<b>Street &amp; Alley Fund</b>	<b>Industrial Park Fund</b>	<b>Library Fund</b>	<b>Airport Fund</b>	<b>Cemetery Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash	\$ 266,990	\$ -	\$ 23,491	\$ 4,745	\$ -	\$ -	\$ 295,226
Cash, restricted	65,295	93,514	-	-	152,272	18,496	329,577
Investments, including time deposits	29,598	-	-	47,558	-	70,851	148,007
Due from other funds	1,396,683	-	-	-	751,749	2,150	2,150,582
Taxes receivable	96,393	-	-	-	-	-	96,393
Grant receivable	-	-	-	-	223,850	-	223,850
Other assets	49,333	-	-	-	-	-	49,333
Total assets	<u>\$ 1,904,292</u>	<u>\$ 93,514</u>	<u>\$ 23,491</u>	<u>\$ 52,303</u>	<u>\$ 1,127,871</u>	<u>\$ 91,497</u>	<u>\$ 3,292,968</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 257,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,591
Payroll liabilities	19,635	-	-	-	-	-	19,635
Due to other funds	813,292	-	-	-	1,118,643	171,084	2,103,019
Total liabilities	<u>1,090,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118,643</u>	<u>171,084</u>	<u>2,380,245</u>
<b>FUND BALANCES</b>							
Nonspendable	583,391	-	-	-	-	-	583,391
Restricted	-	66,621	-	-	-	-	66,621
Committed	94,893	-	-	52,303	223,850	-	371,046
Assigned	-	-	23,491	-	-	-	23,491
Unassigned	135,490	26,893	-	-	(214,622)	(79,587)	(131,826)
Total fund balances	<u>\$ 813,774</u>	<u>\$ 93,514</u>	<u>\$ 23,491</u>	<u>\$ 52,303</u>	<u>\$ 9,228</u>	<u>\$ (79,587)</u>	<u>\$ 912,723</u>
Total fund balance- total governmental funds							\$ 912,723
Amounts reported for governmental activities in the Statement of Net assets are different because:							
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.							
Capital assets					\$ 5,860,774		
Less: Accumulated depreciation					<u>(2,924,730)</u>		2,936,044
Long-term liabilities are not due and payable in the current period and are not reported in the funds.							
Oklahoma Municipal Retirement Fund pension asset					28,038		
Oklahoma Police Pension Retirement Fund pension asset					(31,354)		
Oklahoma Fire Pension Retirement fund pension liability					(178,306)		
Net, deferred outflows(inflows) on pension obligation					<u>67,970</u>		(113,652)
Net assets of governmental activities							<u>\$ 3,735,115</u>

**Town of Okeene, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Street & Alley Fund	Industrial Park Fund	Library Fund	Airport Fund	Cemetery Fund	Total Governmental Funds
<b>REVENUES</b>							
Sales tax	\$ 505,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 505,155
Use tax	104,575	-	-	-	-	-	104,575
Beverage tax	26,989	-	-	-	-	-	26,989
Franchise taxes	20,742	-	-	-	-	-	20,742
Cigarette tax	4,172	-	-	-	-	-	4,172
Licenses and permits	1,624	-	-	-	-	-	1,624
Fines and forfeitures	33,304	-	-	-	-	-	33,304
Investment income	158	-	183	192	145	235	913
Charges for services	6,380	-	-	-	-	3,000	9,380
Rental income	14,563	-	-	-	13,169	-	27,732
Intergovernmental	92,544	10,295	-	3,176	257,600	-	363,615
Donations	200	-	-	-	-	-	200
Gain on sale of assets	-	-	-	-	-	-	-
Miscellaneous	21,664	-	-	1,628	-	-	23,292
Total revenues	832,070	10,295	183	4,996	270,914	3,235	1,121,693
<b>EXPENDITURES</b>							
General government:							
General government	164,821	-	-	-	-	-	164,821
Library	-	-	-	39,545	-	-	39,545
Total general government	164,821	-	-	39,545	-	-	204,366
Public safety and judiciary:							
Police	201,174	-	-	-	-	-	201,174
Fire	41,118	-	-	-	-	-	41,118
Code	1,792	-	-	-	-	-	1,792
Total public safety and judiciary	244,084	-	-	-	-	-	244,084
Transportation:							
Airport	-	-	-	-	42,037	-	42,037
Street and alley	-	13,723	-	-	-	-	13,723
Total transportation	-	13,723	-	-	42,037	-	55,760
Cultural, parks and recreation:							
Park	20,488	-	-	-	-	-	20,488
Golf Course	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-
Community Building	4,416	-	-	-	-	13,633	18,049
Swimming Pool	19,409	-	-	-	-	-	19,409
Industrial park	-	-	317	-	-	-	317
Total cultural, parks and recreation	44,313	-	317	-	-	13,633	58,263
Capital outlay	15,565	-	-	-	248,722	-	264,287
Total expenditures	468,783	13,723	317	39,545	290,759	13,633	826,760
Excess (deficiency) of revenues over expenditures	363,287	(3,428)	(134)	(34,549)	(19,845)	(10,398)	294,933
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out to other governments	(107,616)	-	-	-	-	-	(107,616)
Transfers in	91,893	30,321	169	36,148	-	-	158,531
Transfers out	(93,531)	-	-	-	-	-	(93,531)
Total other financing sources and uses	(109,254)	30,321	169	36,148	-	-	(42,616)
Net change in fund balances	254,033	26,893	35	1,599	(19,845)	(10,398)	252,317
Fund balances - beginning	559,741	66,621	23,456	50,704	29,073	(69,189)	660,406
Fund balances - ending	\$ 813,774	\$ 93,514	\$ 23,491	\$ 52,303	\$ 9,228	\$ (79,587)	\$ 912,723

**Town of Okeene, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2021**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 252,317
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Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	264,287
Depreciation expense	(268,195)

In the statement of activities, the cost of pension benefits earned net of  
employee contributions are reported as an component of pension expense.  
The fund financial statements report pension contributions as expenditures.

(36,124)
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Change in Fund Balance of Governmental Activities	<u><u>\$ 212,285</u></u>
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**Town of Okeene, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Business-Type Activities</b>	<b>Component Unit</b>
	<b>Public Works Authority</b>	<b>Municipal Hospital and Schallmo Authority</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,948,433	\$ 5,316,369
Investments	331,417	-
Due from other funds	70,108	-
Accounts receivable (net)	240,637	1,150,529
Supplies	-	240,984
Prepaid expenses and other current assets	-	163,298
Total current assets	<u>2,590,595</u>	<u>6,871,180</u>
Restricted assets:		
Cash and cash equivalents	751,607	-
Investments	75,886	-
Total restricted assets	<u>827,493</u>	<u>-</u>
Noncurrent assets:		
Capital assets (net)	4,481,621	4,395,331
Total noncurrent assets	<u>4,481,621</u>	<u>4,395,331</u>
<b>Total assets</b>	<u>\$ 7,899,709</u>	<u>\$ 11,266,511</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Refunding costs	-	200,651
<b>Total assets and deferred outflows of resources</b>	<u>\$ 7,899,709</u>	<u>\$ 11,467,162</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 26,195	\$ 1,874,869
Accrued payables	5,297	829,629
Due to other funds	115,641	-
Payroll liabilities	35,457	-
Notes payable, current	9,183	335,062
Bonds payable, current	240,000	-
Total current liabilities	<u>431,773</u>	<u>3,039,560</u>
Liabilities payable from restricted assets:		
Customer deposits payable	112,855	-
Total liabilities payable from restricted assets	<u>112,855</u>	<u>-</u>
Noncurrent liabilities:		
Notes payable, non-current	-	-
Bonds payable, noncurrent	1,585,000	6,604,565
Total noncurrent liabilities	<u>1,585,000</u>	<u>6,604,565</u>
<b>Total liabilities</b>	<u>2,129,628</u>	<u>9,644,125</u>
<b>NET POSITION</b>		
Net investement in capital assets	2,647,438	(2,331,347)
Restricted	714,638	-
Unrestricted	<u>2,408,005</u>	<u>4,154,384</u>
<b>Total net position</b>	<u>\$ 5,770,081</u>	<u>\$ 1,823,037</u>

**Town of Okeene, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2021**

	<b>Business-Type Activities</b>	<b>Component Unit</b>
	<b>Public Works Authority</b>	<b>Municipal Hospital and Schallmo Authority</b>
<b><u>Operating revenues:</u></b>		
Charges for services:		
Electric charges	\$ 2,207,044	\$ -
Water charges	338,619	-
Sewer charges	216,860	-
Sanitation charges	165,269	-
Penalties	23,360	-
Net patient and service charges	-	6,081,457
Total charges for services	2,951,152	6,081,457
Miscellaneous	30,678	260,666
Total operating revenues	2,981,830	6,342,123
<b><u>Operating expenses:</u></b>		
Cost of goods sold	1,364,227	-
Personal services	323,872	3,054,372
Materials and supplies	91,670	1,581,583
Other services and charges	333,360	1,992,968
Depreciation and amortization	256,183	448,815
Total operating expenses	2,369,312	7,077,738
Net operating income	\$ 612,518	(735,615)
<b><u>Nonoperating revenue (expense):</u></b>		
Investment income	4,448	1,883
Grant income	-	2,777,446
Interest expense	(54,547)	(406,122)
Loss on disposal of capital assets	-	(1,935)
Noncapital and grant contributions	-	790,442
Total nonoperating revenue (expense)	(50,099)	3,161,714
<b>Net income before contributions and transfers</b>	562,419	2,426,099
Transfers from other funds	-	-
Transfers to other funds, net	(65,000)	-
<b>Change in net position</b>	497,419	2,426,099
Net position - beginning of year	5,272,662	(603,062)
Net position-end of year	\$ 5,770,081	\$ 1,823,037

**Town of Okeene, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2021**

	<b>Business-type Activities</b>	<b>Component Unit</b>
	<b>Public Works Authority</b>	<b>Municipal Hospital and Schallmo Authority</b>
<b><u>Cash flows from operating activities:</u></b>		
Receipts from customers/patients	\$ 2,960,458	\$ 5,844,383
Payments to suppliers	(1,770,300)	(3,641,311)
Payments to employees	(317,360)	(3,061,643)
Other operating revenues	30,678	312,554
<b>Net cash provided (used) by operating activities</b>	<b>903,476</b>	<b>(546,017)</b>
<b><u>Cash flows from non-capital financing activities:</u></b>		
Noncapital contributions	-	21,523
Government grants	-	-
Transfers to other funds	(65,000)	119,916
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(65,000)</b>	<b>141,439</b>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Purchase of capital assets	(116,632)	(492,442)
Sale of capital assets	-	-
Issuance of debt	-	649,010
Principal paid on capital debt	(251,749)	(203,648)
Interest paid on capital debt	(54,547)	(379,822)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(422,928)</b>	<b>(426,902)</b>
<b><u>Cash flows from investing activities:</u></b>		
Investment income	4,448	1,883
Sale/reclass of restricted cash	6,549	-
<b>Net cash provided (used) by investing activities</b>	<b>10,997</b>	<b>1,883</b>
Net increase (decrease) in cash and cash equivalents	426,545	(829,597)
Cash and cash equivalents, beginning of the year	2,471,171	6,145,966
Cash & cash equivalents, end of the year	<b>\$ 2,897,716</b>	<b>\$ 5,316,369</b>
Cash, including time deposits	\$ 1,948,433	\$ 5,316,369
Restricted cash, including time deposits	827,493	-
Total cash and cash equivalents, end of year	<b>\$ 2,775,926</b>	<b>\$ 5,316,369</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>		
Operating income (loss)	\$ 612,518	\$ (735,612)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	256,183	448,812
Non-operating revenue (expense)		218,841
Changes in assets and liabilities:		-
(Increase) decrease in accounts receivable	9,306	(678,687)
(Increase) decrease in grants receivable	-	-
(Increase) decrease in supplies	-	(742)
Increase (decrease) in accounts payable	13,956	201,371
Increase (decrease) in payroll liabilities	6,512	-
Increase (decrease) in deposits subject to refund	5,001	-
Total adjustments	290,958	189,595
<b>Net cash provided (used) by operating activities</b>	<b>\$ 903,476</b>	<b>\$ (546,017)</b>
<b><u>Supplemental Cash Flows Information</u></b>		
Fixed assets in accounts payable	\$ -	\$ 12,298
Forgiveness of PPP loan	\$ -	\$ 649,000

**Town of Okeene, Oklahoma**  
**Statement of Net Position**  
**Fiduciary Fund**  
**June 30, 2021**

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	<b>Charitable Trust Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash, including time deposits	\$ 12,856
Investments	<hr/> 270,092
Total assets	<hr/> <hr/> 282,948
<b>LIABILITIES</b>	
Due to other governments	<hr/> \$ 2,030
Total liabilities	<hr/> 2,030
<b>NET POSITION</b>	
Net assets, held in trust	<hr/> 280,918
Total net position	<hr/> 280,918
Total liabilities and net position	<hr/> <hr/> \$ 282,948

**Town of Okeene, Oklahoma**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2021**

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	<b>Charitable Trust Fund</b>
<b><u>REVENUES</u></b>	
Investment income	\$ 18
Unrealized gains on investments	39,918
Total revenues	<u>39,936</u>
<b><u>EXPENDITURES</u></b>	
Charitable trust	<u>3,600</u>
Total charitable trust	<u>3,600</u>
Net change in net position	36,336
Net position - beginning	244,582
Net position - ending	<u><u>\$ 280,918</u></u>

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Town of Okeene, Oklahoma (the "Town") is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on January 6, 1902. The Town operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: public safety (police and fire protection), street maintenance, utility (sanitation, water, sewer, and electric), parks and recreation, public improvements, municipal cemetery, and general administrative services.

***The Reporting Entity***

The Town, for financial purposes, includes all of the funds and account groups relevant to the operation of the Town of Okeene. The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Okeene.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Units Reported with Primary Government**

Okeene Public Works Authority (the "Authority") – was created under provision of the Oklahoma Statutes by a Declaration of the Trust. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides electric, water, sewer, and trash services to the citizens of Okeene. Accounts of the Authority are recorded in business-type activities.

Okeene Industrial Trust Authority (ITA) – was established to promote industrial development within the Town. The trustees of the ITA are the same that govern the Town. ITA is inactive in the current year, and therefore; not included in the report for the period ended.

Okeene Housing Authority Trust (OHAT) – was established in January 2019 to providing decent, safe and sanitary residential housing. The trustees of the OHAT are appointed by the Mayor and Board of Trustees of the Town of Okeene, OK. OHAT is inactive in the current year, and therefore; not included in the report for the period ended.

**Discretely Presented Component Unit:**

Okeene Municipal Hospital and Schallmo Authority (MHSA) – MHSA has a separate board of trustees who are appointed by the trustees of the Town. The Authority provides hospital, medical and residential care of the citizens of the Town. MHSA issues separately audited financial statements that can be obtained at Town Hall. For purposes of this report, MHSA is reported as a discretely presented component unit. Audited financial statements for MHSA are available at the business location.

**Fiduciary Component Unit**

Okeene Municipal Charitable Trust (MCT) – its trustees are the same trustees that govern the Town. MCT provides supporting for the library and other educational and recreational facilities of the Town. MCT is reported as a Fiduciary Fund in the financial statements.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the Town as a whole excluding fiduciary activities, which consists of the Okeene Municipal Charitable Trust. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

#### ***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

#### ***Measurement Focus and Basis of Accounting***

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

#### ***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

#### ***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

#### ***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

### **C. Fund Types and Major Funds**

#### **Major Governmental Funds**

##### ***General Fund***

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

##### ***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
Street and Alley	Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
Industrial Park	Accounts for the operations, includes grants, of the Town's Industrial Park
Library Fund	Accounts for the investments and operations of the Town's Library
Airport	Accounts for the operations of the Airport
Cemetery	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.

**Major Proprietary Funds**

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
<u>Okeene Public Works Authority</u>	Accounts for the activities of the Authority in providing electric, water, sewer, and solid waste services to the public.
<u>Okeene Industrial Trust Authority</u>	Accounts for the industrial development within the town of Okeene, which was inactive during the year

**Fiduciary Fund**

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
<u>Okeene Charitable Trust Fund</u>	Accounts for the activities of the trust in providing support for the library and other education and recreational facilities of the Town.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The Town Clerk submits an annual budget to the Board of Trustees in accordance with the Town Charter and the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for Town operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Clerk and must be approved by the board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Board of Trustees review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council. Within these control levels, management may transfer appropriations without Board approval.

***Budget Basis of Accounting***

The combined statements of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities and Equity**

**Cash and Investments**

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

**Allowance for Uncollectible Accounts**

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. The Town has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

**Property, Plant and Equipment**

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-Wide Statements:**

In the government-wide financial statements, fixed assets exceeding \$1,500 are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

• Buildings	25-50 years
• Other improvements	2-50 years
• Machinery, furniture & equipment	5-20 years
• Infrastructure	25-50 years

**Fund Financial Statements:**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Equity Classifications**

**Governmental Fund Balances**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

**Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Board, the Town's highest level of decision-making authority,

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

***Net Position***

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

**Invested in capital assets, net of related debt**

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position**

This consists of net position that does not meeting the criteria of "restricted" or "invested in capital assets, net of related debt".

***Deferred Outflows of Resources and Deferred Inflows of Resources***

**Deferred outflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

**Deferred inflows of resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore, will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

**F. Revenues, Expenditures and Expenses**

***Sales Tax***

The Town levied a 4.25% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund.

Of the 4.25% sales tax levied, 1 cent is restricted for the Okeene Municipal Hospital and Schallmo Authority and 0.5 cents is restricted for street improvements.

**Charges for Services**

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

**Grants and Contributions**

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over town resources follows:

**A. Deficit Fund Net Position/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The Town reported a deficit in the Cemetery fund for the fiscal year.

**B. Budget Requirements**

For the year ended June 30, 2021, the Town did not materially overspend in any department-level category.

**C. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
1% Sales tax	Okeene Municipal Hospital
0.5% Sales tax	Street improvements

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Investments**

The Town invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Governmental Activities</b>				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 148,007	\$ 148,007	N/A	363
Total investments	<u>148,007</u>	<u>148,007</u>		
Total governmental investments	<u>\$ 148,007</u>	<u>\$ 148,007</u>		

RECONCILIATION TO STATEMENT OF NET ASSETS

Investments, unrestricted	\$ 29,598
Investments, restricted	<u>118,409</u>
Total governmental investments	<u>\$ 148,007</u>

**Business-type Activities**

INVESTMENTS:

Certificates of deposit	\$ 407,303	\$ 407,303	N/A	244
Total investments	<u>407,303</u>	<u>407,303</u>		
Total business-type investments	<u>\$ 407,303</u>	<u>\$ 407,303</u>		

RECONCILIATION TO STATEMENT OF NET ASSETS

Investments, unrestricted	\$ 331,417
Investments, restricted	<u>75,886</u>
Total governmental investments	<u>\$ 407,303</u>

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2021 follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Land	\$ 2,100	\$ -	\$ -	\$ 2,100
Construction in process	-	248,722	-	248,722
Buildings & structures	693,502	-	-	693,502
Machinery, furniture, & equipment	1,541,784	15,565	-	1,557,349
Improvements other than land	3,359,101	-	-	3,359,101
 Total	 5,596,487	 264,287	 -	 5,860,774
Less accumulated depreciation	2,656,535	268,195	-	2,924,730
 Fixed assets, net	 <u>\$ 2,939,952</u>	 <u>\$ (3,908)</u>	 <u>\$ -</u>	 <u>\$ 2,936,044</u>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2021 follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
<b>Okeene Public Works Authority</b>				
Land	\$ 267,250	\$ -	\$ -	\$ 267,250
Machinery, furniture, & equipment	792,907	63,160	-	856,067
Electric system	1,584,298	3,500	-	1,587,798
Sewer system	1,846,009	-	-	1,846,009
Water system	1,471,721	13,779	-	1,485,500
Construction in process	1,167,073	36,193	-	1,203,266
 Total	 7,129,258	 116,632	 -	 7,245,890
Less accumulated depreciation	2,508,085	280,896	-	2,788,981
 Fixed assets, net	 <u>\$ 4,621,173</u>	 <u>\$ (164,264)</u>	 <u>\$ -</u>	 <u>\$ 4,456,909</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheet.

Depreciation expense was charged to functions in the statement of activities as follows:

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Depreciation expense charges to governmental activities:

General government	\$ 9,197
Public safety & judiciary	51,888
Transportation	94,486
Cultural, parks & recreation	112,624
Total governmental activities depreciation expense	<u>\$ 268,195</u>

Depreciation expense charges to business-type activities:

Electric	\$ 128,832
Water	49,984
Customer service	3,883
Sewer	98,197
Total business-type activities depreciation expense	<u>\$ 280,896</u>

**C. LONG-TERM DEBT**

The following is a summary of enterprise fund long-term debt for the year ended June 30, 2021:

**Business-Type Activities:**

Loan payable dated 1/24/2002 to the Oklahoma Water Resources Board in the amount of \$343,400 at an interest rate of 2.55%, along with an administrative fee of 0.5%, maturing March 2022. Proceeds were used for water system improvements.	\$2,243
Note payable to State Guaranty Bank in the original amount of \$90,000 for the purchase of a motor grader in the water department. Note is paid monthly at an interest rate of 2% over the prime rate applied to the Town's certificate of deposit, which was 0.71% at June 30, 2017.	6,940
OPWA Utility System Revenue Notes, Series 2007 for \$1,990,000 were issued December 18, 2007, maturing December 1, 2022 with an average interest rate (coupon) of 4.052%. Underwriting fees and issuance costs were approximately \$105,000. The bonds refunded prior debt owed by OPWA. Payments are made monthly to a debt service fund. Funds were used for the wastewater project and water transmission lines.	265,000
OPWA Utility System Revenue Notes, Series 2016 for \$1,760,000 were issued March 2016, maturing April 1, 2028 with a stated interest rate of 2.39%. Underwriting fees and issuance costs were approximately \$74,000. Payments are made monthly to a debt service fund. Funds were used for the water and sanitary sewer system improvements, including a new water storage standpipe, equipment and modification on existing pump building, demolition of existing water tower, and various sewer line improvements.	1,560,000
	<u>\$1,834,183</u>

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

Type of Debt	Balance at July 1, 2020	Amount Issued	Amount Retired	Balance at June 30, 2021	Due Within One Year
<b>Business-type activities:</b>					
<i>Notes Payable</i>					
OWRB #2 note payable	\$ 25,161	\$ -	\$ 22,918	\$ 2,243	\$ 2,243
Motor Grader - SGB	25,771	-	18,831	6,940	6,940
<i>Total notes payable</i>	50,932	-	41,749	9,183	9,183
<i>Bonds Payable</i>					
2007 Series Revenue Bonds	435,000	-	170,000	265,000	175,000
2016 Series Revenue Bonds	1,600,000	-	40,000	1,560,000	65,000
<i>Total bonds payable</i>	2,035,000	-	210,000	1,825,000	240,000
Total business-type activities	<u>\$ 2,085,932</u>	<u>\$ -</u>	<u>\$ 251,749</u>	<u>\$ 1,834,183</u>	<u>\$ 249,183</u>
<b>Total primary government debt</b>	<u><b>\$ 2,085,932</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 251,749</b></u>	<u><b>\$ 1,834,183</b></u>	<u><b>\$ 249,183</b></u>

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2021 follow:

Year Ending June 30	Business-Type Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$ 9,183	\$ 50	\$ 240,000	\$ 45,938
2023	-	50	250,000	36,598
2024	-	-	255,000	30,413
2025	-	-	260,000	24,259
2026	-	-	265,000	18,045
2027-2028	-	-	555,000	16,670
Totals	<u>\$ 9,183</u>	<u>\$ 100</u>	<u>\$ 1,825,000</u>	<u>\$ 171,923</u>

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**E. INTERFUND TRANSACTIONS AND BALANCES**

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Receivable from/Payable to</u>	<u>Due From</u>	<u>Due To</u>
<b>GENERAL FUND:</b>		
Okeene Airport Fund	\$ 1,111,987	\$ 751,749
Cemetery Fund	171,055	150
Okeene Public Works Authority	113,642	61,392
<b>OKEENE AIRPORT FUND:</b>		
General Fund	751,749	1,111,987
Okeene Public Works Authority	-	6,656
<b>CEMETARY FUND:</b>		
General Fund	150	171,055
Okeene Public Works Authority	2,000	29
<b>ENTERPRISE FUND: Public Works Authority</b>		
General Fund	61,392	113,642
Okeene Airport Fund	6,656	-
Cemetery Fund	29	2,000
Municipal Charitable Trust (fiduciary fund)	2,030	-
<b>FIDUCIARY FUND: Municipal Charitable Trust</b>		
Okeene Public Works Authority	-	2,030
<b>Grand Total</b>	<b>\$ 2,220,690</b>	<b>\$ 2,220,690</b>

<u>Operating Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>GENERAL FUND:</b>		
Street & Alley	\$ 26,893	\$ -
Industrial Park	-	-
Library	-	-
Okeene Public Works Authority	65,000	-
<b>STREET &amp; ALLEY FUND:</b>		
General Fund	-	26,893
Okeene Public Works Authority	-	-
<b>ENTERPRISE FUND: Public Works Authority</b>		
General Fund	-	65,000
Street & Alley	-	-
<b>Grand Total</b>	<b>\$ 91,893</b>	<b>\$ 91,893</b>

**(4) RETIREMENT PLANS**

The Town participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**A. Oklahoma Municipal Retirement Fund**

Plan Description

The Oklahoma Municipal Retirement Fund Employee Retirement System of Okeene, Oklahoma (the Plan) is a defined benefit retirement plan covering Town employees not covered by other plans. The Town contributes to the OMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The OMRF plan issues a separate financial report and can be obtained from OMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the Town Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OMRF plans' fiduciary net position is available in the separately issued OMRF financial report.

Eligibility Factors and Benefit Provisions

Provision	July 1, 2020 through June 30, 2021
Eligibility	All regular, full-time employees except police, firefighters, and other employees who are covered under an approved system.
Probationary period	None
Employee Contributions	3.6% of pay
Service:	
Credited service	The last period of continuous employment with the employer
Vesting	Credited service plus transferred service from other OMRF employers.
Benefit eligibility	7 or more years of service
Final average compensation	Average of 5 highest consecutive years of salaries out of the last 10 years of service
Accrued benefit	Plan AAA 3% of final average compensation multiplied by the number of years of credited service.
Normal retirement age	Age 65 with 7 or more years of vesting service
Normal retirement	
Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
Early retirement	
Eligibility	Termination after age 55 with 7 or more years of vesting service
Benefit	The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced by 5% per year for commencement prior to normal retirement age.
Disability Retirement	
Eligibility	Total and permanent disability after 7 or more years of service
Benefit	The accrued benefit payable upon disablement without reduction for early payment.
Termination Before Retirement Age	
Before vesting	Return of employee contributions, if any, with interest.
After vesting	The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age
In-service Death	
Before vesting	Return of employee contributions, if any, with interest.

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

After vesting (married participants only)	50% of the accrued benefit is payable to the spouse until death or remarriage
After vesting (other participants)	50% of the accrued benefit is payable for 5 years certain
Payment options	
Normal form	Monthly lifetime annuity with 5 years certain
Optional forms	Disability retirement benefits paid under normal form. Actuarially equivalent optional forms: Joint & 50% survivor annuity Joint & 66 2/3rds% last survivor annuity Joint & 100% survivor annuity
Cost of living	This plan has not elected the automatic post-retirement cost-of-living adjustments.

**Membership**

Membership in the plan is as follows:

	<b><u>As of July 1, 2020</u></b>
Inactive employees receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	2
Active participants	7
<b>Total</b>	<b><u>14</u></b>

**Contributions**

Required contribution rates are actuarially measured each year and authorized through Town Ordinance. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. Employees are required to contribute 3.6% of paid salary. For the year ended June 30, 2021, the Town's contribution was 7.51%. Contributions to the pension plan from the Town were \$21,836 for the year ended June 30, 2021.

*Discount rate:* The discount rate used to measure the total pension liability was 7.5 percent, as the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of the member's working career. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Therefore, no separate cash flow projection is required to determine the sufficiency of the plan assets.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%).

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 are summarized in the following table:

	<b><u>Target Allocation</u></b>	<b><u>Real Return</u></b>	<b><u>Weighted Return</u></b>
Large cap stocks - S&P 500	25%	5.40%	1.35%
Small/mid cap stocks - Russell 2500	10%	7.50%	0.75%
Long/short equity - MSCI ACWI	10%	6.10%	0.61%
International stocks - MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate - NCREIF	5%	4.80%	0.24%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	3.00%
		Long term expected return	<b><u>7.75%</u></b>

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Changes in the Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 which is also the measurement date. There were also no changes between the measurement date of July 1, 2020 and the Town's report ending date of June 30, 2021, that would have had a significant impact on the net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 7/1/2019</b>	\$ 1,122,628	\$ 1,167,103	\$ (44,475)
<b>Changes for the year:</b>			
Service cost	31,928	-	31,928
Interest	82,258	-	82,258
Differences between expected and actual experience	(7,607)	-	(7,607)
Assumption changes	-	-	-
Contributions - employer	-	31,988	(31,988)
Contributions - employee	-	12,303	(12,303)
Net investment income	-	48,273	(48,273)
Benefit payments, including refunds of employee contributions	(52,671)	(52,671)	-
Administrative expense	-	(2,422)	2,422
Other changes	-	-	-
<b>Net changes</b>	53,908	37,471	16,437
<b>Balances at 7/1/2020</b>	\$ 1,176,536	\$ 1,204,574	\$ (28,038)

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	\$ 1,300,131	\$ 1,176,536	\$ 1,071,685
Plan Fiduciary Net Position	1,204,574	1,204,574	1,204,574
<b>Net Pension Liability</b>	<b>\$ 95,557</b>	<b>\$ (28,038)</b>	<b>\$ (132,889)</b>

For the year ended June 30, 2021, the Town recognized pension expense of \$14,006. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,246	\$ 68,348
Changes of assumptions	15,992	-
Net difference between projected and actual earnings on pension plan investments	35,916	8,523
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	21,836	-
<b>Total</b>	<b>\$ 81,990</b>	<b>\$ 76,871</b>

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 2,773
2023	(10,418)
2024	4,992
2025	7,772
2026	-

**B. Oklahoma Police Pension and Retirement System**

Plan Description

All full-time officers, not less than 21 years of age or more than 45 years of age when hired by the Town, are provided with pensions through the Oklahoma Police Pension and Retirement System (OPPRS), a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System, which is part of the State of Oklahoma financial reporting entity. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

Benefits Provided

The OPPRS provides retirement, death, and disability benefits to plan members and beneficiaries. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in Lieu of having their accumulated contributions refunded. If the vested balance is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employments continued uninterrupted, whichever is first.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service, this disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions

The State of Oklahoma has the authority to establish contribution obligations and benefits per state statute 11 O.S. Section 550-101 et seq. Employees are required to contribute 8% of paid base salary; the Town contributes 13% of the employee's paid base salary. Contributions to the pension plan from the Town were \$10,316 for the year ended June 30, 2021.

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

The City received \$6,768 in on-behalf payments to the OPRRS plan for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPRRS

At June 30, 2021, the Town reported a liability of \$31,354 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021, the Town's proportion was 0.000273 percent.

For the year ended June 30, 2021, the Town recognized pension expense of \$36,806. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 810	\$ 8,503
Changes of assumptions	3,217	-
Net difference between projected and actual earnings on pension plan investments	44,221	7,279
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	10,316	-
<b>Total</b>	<b>\$ 58,564</b>	<b>\$ 15,782</b>

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$ 14,859
2022	9,404
2023	12,107
2024	7,038
2025	(626)

*Actuarial assumptions:* The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	5.31 percent, average
Investment rate of return	7.55 percent, net of pension plan investment expense, per annum, compound annually

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined (fully generational using Scale AA) with age set back four years.

*Discount rate:* The discount rate used to measure the total pension liability was 7.5 percent, which is the long-term expected rate of return on plan investments. The Plan has used this assumption since 1984. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from municipalities will be made at contractually required rates, actuarially determined. Based on those assumptions, OPRRS net position was projected to be available make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability/(asset)	110,756	31,354	(35,806)

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued OPFRS financial report.

**C. Oklahoma Firefighters Pension and Retirement System**

Plan Description

Town of Okeene is supported by a fire chief and a voluntary force of firefighters all of whom are provided with pensions through the Oklahoma Firefighters Pension and Retirement System (OFPRS), a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Firefighters Pension and Retirement System, which is part of the State of Oklahoma financial reporting entity. OFPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OFPRS](http://www.ok.gov/OFPRS).

Benefits Provided

OFPRS provides retirement, disability, and death benefits. Normal retirement benefits are \$150.60 per month per year of service for members hired before November 1, 2013 with 20 years of completed service regardless of age. For members hired on or after November 1, 2013, the member must complete 20 years of service and reach 50 years of age for eligibility. Late retirement benefits continue to accrue for service up to 30 years at \$7.53 per month per year of service.

Members are eligible for duty-related disability benefits with a minimum of 20 years of service. The benefit is paid at \$7.53 per month per year of service with a maximum of 30 years.

Contributions

The State of Oklahoma has the authority to establish contribution obligations and benefits per state statute 11 O.S. Section 49.100 thru 49.143 et seq. Volunteer members have no contribution requirements; the Town contributes \$60 per year for each volunteer. Contributions to the pension plan from the Town were \$137 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPFRS

At June 30, 2021, the Town reported a liability of \$178,306 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2021, the Town's proportion was 0.0014474 percent.

For the year ended June 30, 2021, the Town recognized pension expense of \$34,427. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,725	\$ 2,392
Changes of assumptions	-	3,022
Net difference between projected and actual earnings on pension plan investments	12,613	9,992
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	137	-
<b>Total</b>	<b>\$ 35,475</b>	<b>\$ 15,406</b>

**TOWN OF OKEENE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Other amounts reported deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$	3,925
2022		7,358
2023		5,470
2024		3,316
2025		-

*Actuarial assumptions:* The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	None for volunteer members
Salary increases	None for volunteer members
Investment rate of return	7.5 percent, net of investment expense, per annum, compound annually

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA.

*Discount rate:* The discount rate used to measure the total pension liability was 7.5 percent, which is the long-term expected rate of return on plan investments. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Town's proportionate share of the net pension liability	231,565	178,306	133,749

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued OPRRS financial report.

**D. MHSA Pension Plan**

Refer to the Okeene Municipal Hospital and Schallmo Authority d/b/a Okeene Municipal Hospital audit report for June 30, 2021 for discussion of the MHSA pension plan.

**(5) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Town is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town.

**B. Grant Program Involvement**

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**C. Water Rights Contract**

In August 2010, the Town settled litigation with North Blaine Water Corporation (NBWC) regarding water rights. A payment of \$165,867.46 was made to NBWC in accordance with the settlement agreement. The parties agreed to the termination of contractual obligations effective March 19, 2011. The Town retained 44% ownership of their water flowage rights.

**D. Conduit Debt**

The Town has entered into a memorandum of understanding with Mountain Country Pet Care, LLC and Oklahoma Municipal Power Authority (OMPA) effective July 21, 2014 to purchase a backup generator and uninterrupted power source for use at the Mountain Country Pet Care facility. The Town solicited bids pursuant to the Oklahoma competitive bidding act and awarded the bid to Warren CAT in the amount of \$611,433. Upon the completion of specified terms in the memorandum, the Town borrowed the funds from OMPA for the purchase of the generator to be installed at the facility. Mountain Country Pet Care, LLC will lease the equipment from the Town for a 7 year period at 3.5% interest until the equipment is paid in full.

**Town of Okeene, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Revisions</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>REVENUES</b>					
Sales tax	\$ 321,848	\$ 80,000	\$ 401,848	\$ 505,155	\$ 103,307
Use tax	54,502	44,000	98,502	104,575	6,073
Beverage tax	16,267	8,500	24,767	26,989	2,222
Franchise taxes	13,048	5,000	18,048	20,742	2,694
Fines and forfeitures	32,500	-	32,500	33,304	804
Investment income	250	-	250	158	(92)
Charges for services	11,500	6,925	18,425	22,567	4,142
Intergovernmental	7,016	1,500	8,516	96,716	88,200
Gain on sale of assets	-	-	-	-	-
Miscellaneous	25,500	82,088	107,588	21,864	(85,724)
Total revenues before carryover	482,431	228,013	710,444	832,070	121,626
<b>EXPENDITURES</b>					
General government:					
General government	226,776	-	226,776	164,821	61,955
Public safety and judiciary:					
Police	220,523	-	220,523	201,174	19,349
Fire	60,351	-	60,351	56,683	3,668
Code enforcement	3,000	-	3,000	1,792	1,208
Total public safety and judiciary	283,874	-	283,874	259,649	24,225
Cultural, parks and recreation:					
Park	27,027	-	27,027	20,488	6,539
Golf Course	-	-	-	-	-
Community Building	5,829	-	5,829	4,416	1,413
Swimming Pool	37,000	-	37,000	19,409	17,591
Industrial Park and Economic Development	450	-	450	-	450
Total cultural, parks and recreation	70,306	-	70,306	44,313	25,993
Total expenditures	580,956	-	580,956	468,783	112,173
Revenue over (under) expenditures	(98,525)	228,013	129,488	363,287	233,799
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	98,307	(145,707)	(47,400)	(109,254)	(61,854)
Net other financing sources (uses)	98,307	(145,707)	(47,400)	(109,254)	(61,854)
Revenues and other financing sources over (under) expenditures and other uses	(218)	82,306	82,088	254,033	171,945
Fund balance at beginning of year (Non-GAAP budgetary basis)					
Less budgeted carryover (1)	-			701,356	701,356
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 955,389	\$ 873,301
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				(66,249)	
Expenditure and transfer accruals				(75,366)	
Fund balance at end of year (GAAP basis)				\$ 813,774	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Oklahoma Police Pension Retirement Plan**

Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Town's portion of the net pension liability (asset)	0.0109%	0.0113%	0.0210%	0.0295%	0.0328%	0.0336%	0.0273%
Town's proportionate share of the net pension liability (asset)	\$ (3,667)	\$ 459	\$ 32,109	\$ 2,268	\$ (15,617)	\$ (2,144)	\$ 31,354
Town's covered-employee payroll	\$ 93,340	\$ 98,038	\$ 103,173	\$ 110,341	\$ 109,200	\$ 90,058	\$ 79,352
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4%	0%	31%	2%	-14%	-2%	40%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.00%	99.98%	100.00%	100.01%	100.00%	100.00%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF TOWN CONTRIBUTIONS**

**Oklahoma Police Pension Retirement Plan**

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Contractually required contribution	\$ 3,960	\$ 4,137	\$ 8,038	\$ 8,000	\$ 22,932	\$ 11,708	\$ 10,316
Contributions in relation to the contractually required contribution	<u>(3,960)</u>	<u>(4,137)</u>	<u>(8,038)</u>	<u>(8,000)</u>	<u>(22,932)</u>	<u>(11,708)</u>	<u>(10,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 93,340	\$ 98,038	\$ 103,173	\$ 110,341	\$ 109,200	\$ 90,058	\$ 79,352
Contributions as a percentage of covered-employee payroll	4.24%	4.22%	7.79%	7.25%	21.00%	13.00%	13.00%

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Oklahoma Fire Pension Retirement Plan**

Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Town's portion of the net pension liability (asset)	0.0040%	0.0036%	0.0038%	0.0032%	0.0122%	0.0136%	0.0145%
Town's proportionate share of the net pension liability (asset)	\$ 41,272	\$ 38,293	\$ 46,796	\$ 39,824	\$ 137,809	\$ 143,515	\$ 31,354
Town's covered-employee payroll	\$ 14,958	\$ 14,933	\$ 17,084	\$ 42,120	\$ 36,000	\$ 39,603	\$ 1,523
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276%	256%	274%	95%	383%	362%	2059%
Plan fiduciary net position as a percentage of the total pension liability	68.01%	100.00%	100.00%	100.00%	99.99%	100.00%	100.00%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF TOWN CONTRIBUTIONS**

**Oklahoma Fire Pension Retirement Plan**

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Contractually required contribution	\$ 1,500	\$ 1,380	\$ 1,500	\$ 2,544	\$ 8,280	\$ 3,564	\$ 137
Contributions in relation to the contractually required contribution	(1,500)	(1,380)	(1,500)	(2,544)	(8,280)	(3,564)	(137)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 14,958	\$ 14,933	\$ 17,084	\$ 42,120	\$ 36,000	\$ 39,603	\$ 1,523
Contributions as a percentage of covered-employee payroll	10.03%	9.24%	8.78%	6.04%	23.00%	9.00%	9.00%

**Schedules of Required Supplementary Information**

**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

**Oklahoma Municipal Retirement Plan**

SINCE INITIAL APPLICATION

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
<b>Total pension liability</b>							
Service cost	\$ 32,261	\$ 34,761	\$ 22,121	\$ 36,004	\$ 31,655	\$ 34,123	\$ 31,928
Interest	62,712	66,885	68,604	75,071	77,550	83,911	82,258
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(60,667)	24,154	(41,664)	22,013	(111,031)	(7,607)
Changes in assumptions	-	-	-	34,033	-	22,426	-
Benefit payments, including refunds of employee contributions	(8,971)	(8,743)	(29,243)	(33,704)	(42,648)	(50,311)	(52,671)
<b>Net change in total pension liability</b>	<b>\$ 86,002</b>	<b>\$ 32,236</b>	<b>\$ 85,636</b>	<b>\$ 69,740</b>	<b>\$ 88,570</b>	<b>\$ (20,882)</b>	<b>\$ 53,908</b>
<b>Total pension liability - beginning</b>	<b>781,326</b>	<b>867,328</b>	<b>899,564</b>	<b>985,200</b>	<b>1,054,940</b>	<b>1,143,510</b>	<b>1,122,628</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 867,328</b>	<b>\$ 899,564</b>	<b>\$ 985,200</b>	<b>\$ 1,054,940</b>	<b>\$ 1,143,510</b>	<b>\$ 1,122,628</b>	<b>\$ 1,176,536</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	22,992	31,264	27,541	24,058	29,738	27,457	31,988
Contributions - employee	11,051	11,166	10,159	10,262	10,537	10,583	12,303
Net investment income	118,197	24,447	8,423	114,029	76,159	75,254	48,273
Benefit payments, including refunds of employee contributions	(8,971)	(8,743)	(29,243)	(33,704)	(42,648)	(50,311)	(52,671)
Administrative expense	(1,753)	(1,797)	(1,801)	(1,995)	(2,141)	(2,267)	(2,422)
Other	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>141,516</b>	<b>56,337</b>	<b>15,079</b>	<b>112,650</b>	<b>71,645</b>	<b>60,716</b>	<b>37,471</b>
<b>Plan fiduciary net position - beginning</b>	<b>709,160</b>	<b>850,676</b>	<b>907,013</b>	<b>922,092</b>	<b>1,034,742</b>	<b>1,106,387</b>	<b>1,167,103</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 850,676</b>	<b>\$ 907,013</b>	<b>\$ 922,092</b>	<b>\$ 1,034,742</b>	<b>\$ 1,106,387</b>	<b>\$ 1,167,103</b>	<b>\$ 1,204,574</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 16,652</b>	<b>\$ (7,449)</b>	<b>\$ 63,108</b>	<b>\$ 20,198</b>	<b>\$ 37,123</b>	<b>\$ (44,475)</b>	<b>\$ (28,038)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>98.08%</b>	<b>100.83%</b>	<b>93.59%</b>	<b>98.09%</b>	<b>96.75%</b>	<b>103.96%</b>	<b>102.38%</b>
<b>Covered-employee payroll</b>	<b>\$ 306,970</b>	<b>\$ 194,388</b>	<b>\$ 280,786</b>	<b>\$ 265,839</b>	<b>\$ 299,944</b>	<b>\$ 341,755</b>	<b>\$ 254,654</b>
<b>Town's net pension liability as a percentage of covered-employee payroll</b>	<b>5.42%</b>	<b>-3.83%</b>	<b>22.48%</b>	<b>7.60%</b>	<b>12.38%</b>	<b>-13.01%</b>	<b>-11.01%</b>

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Oklahoma Municipal Retirement Plan**

Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Town's portion of the net pension liability (asset)	0.1792%	0.1857%	0.1889%	0.1908%	0.1938%	0.1952%	0.2015%
Town's proportionate share of the net pension liability (asset)	\$ 16,652	\$ (7,449)	\$ 63,108	\$ 20,198	\$ 37,123	\$ (44,475)	\$ (28,038)
Town's covered-employee payroll	\$ 306,970	\$ 194,388	\$ 280,786	\$ 265,839	\$ 299,944	\$ 341,755	\$ 254,654
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-empl	5.42%	-3.83%	22.48%	7.60%	12.38%	-13.01%	-11.01%
Plan fiduciary net position as a percentage of the total pension liability	98.04%	100.82%	93.16%	98.05%	96.64%	103.81%	102.33%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF TOWN CONTRIBUTIONS**

**Oklahoma Municipal Retirement Plan**

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Actuarially determined contribution	\$ 14,175	\$ 31,264	\$ 27,541	\$ 29,738	\$ 27,457	\$ 31,988	\$ 21,836
Contributions in relation to the actuarially determined contribution	(14,175)	(31,264)	(27,541)	(29,738)	(27,457)	(31,988)	(21,836)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 306,970	\$ 194,388	\$ 280,786	\$ 265,839	\$ 299,944	\$ 341,755	\$ 254,654
Contributions as a percentage of covered-employee payroll	4.62%	16.08%	9.81%	11.19%	9.15%	9.36%	8.57%

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Council  
Town of Okeene, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Okeene, Oklahoma as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Okeene, Oklahoma's basic financial statements, and have issued our report thereon dated December 12, 2022. Our report includes a reference to other auditors who audited the financial statements of Okeene Municipal Hospital and Schallmo Authority, as described in our report on the Town of Okeene, Oklahoma's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Okeene, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Okeene, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Okeene, Oklahoma's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Okeene, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-001.

### **Town of Okeene, Oklahoma's Response to Findings**

Town of Okeene, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Okeene, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Jana A. Walker, CPA, PLLC". The signature is fluid and cursive.

Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
December 12, 2022

**Town of Okeene, Oklahoma  
Schedule of Findings and Responses  
Year Ended June 30, 2021**

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**FINDING 2021-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the Town shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Late filing of prior year audits.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection subsequent to year end.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit.